

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY



W-01969A
Hatch Valley Water Company
PO Box 271
Peach Springs, AZ 86434

RECEIVED

APR 12 2007

AZ CORP COMM
Director Utilities

ANNUAL REPORT

FOR YEAR ENDING

12	31	2006
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FOR COMMISSION USE

ANN 04	06
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PROCESSED BY:

4-12-07 RF

SCANNED

5-14-07

COMPANY INFORMATION

Company Name (Business Name) <u>Hatch Valley Water Co.</u>			
Mailing Address <u>P.O. Box 271</u>			
<u>Peach Springs</u> (City)	<u>ARIZONA</u> (State)	<u>86434</u> (Zip)	
<u>928-769-2317</u> Telephone No. (Include Area Code)	<u>same</u> Fax No. (Include Area Code)	<u>928-530-3855</u> Pager/Cell No. (Include Area Code)	
Email Address _____			
Local Office Mailing Address <u>same as above</u>			
_____ (City)	_____ (State)	_____ (Zip)	
_____ Local Office Telephone No. (Include Area Code)	_____ Fax No. (Include Area Code)	_____ Pager/Cell No. (Include Area Code)	
Email Address _____			

MANAGEMENT INFORMATION

Management Contact: <u>Richard L. Schneider</u> <u>President</u>			
(Name) (Title)			
<u>HC 35 Box 211</u> (Street)	<u>Peach Springs</u> (City)	<u>ARIZONA</u> (State)	<u>86434</u> (Zip)
<u>928-769-2317</u> Telephone No. (Include Area Code)	<u>same</u> Fax No. (Include Area Code)	<u>928-530-3855</u> Pager/Cell No. (Include Area Code)	
Email Address _____			
On Site Manager: <u>same as above</u>			
(Name)			
_____ (Street)	_____ (City)	_____ (State)	_____ (Zip)
_____ Telephone No. (Include Area Code)	_____ Fax No. (Include Area Code)	_____ Pager/Cell No. (Include Area Code)	
Email Address _____			

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

Statutory Agent: Richard L. Schneider
 (Name)
HC 35 Box 211 Peach Springs, Arizona 86434
 (Street) (City) (State) (Zip)
928-769-2317 same 928-530-3855
 Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)
 Attorney: _____
 (Name)

 (Street) (City) (State) (Zip)

 Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

OWNERSHIP INFORMATION

Check the following box that applies to your company:

Non-Profit

- | | |
|---|--|
| <input type="checkbox"/> Sole Proprietor (S) | <input checked="" type="checkbox"/> C Corporation (C) (Other than Association/Co-op) |
| <input type="checkbox"/> Partnership (P) | <input type="checkbox"/> Subchapter S Corporation (Z) |
| <input type="checkbox"/> Bankruptcy (B) | <input type="checkbox"/> Association/Co-op (A) |
| <input type="checkbox"/> Receivership (R) | <input type="checkbox"/> Limited Liability Company |
| <input type="checkbox"/> Other (Describe) _____ | |

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

- | | | |
|-------------------------------------|-----------------------------------|--|
| <input type="checkbox"/> APACHE | <input type="checkbox"/> COCHISE | <input type="checkbox"/> COCONINO |
| <input type="checkbox"/> GILA | <input type="checkbox"/> GRAHAM | <input type="checkbox"/> GREENLEE |
| <input type="checkbox"/> LA PAZ | <input type="checkbox"/> MARICOPA | <input checked="" type="checkbox"/> MOHAVE |
| <input type="checkbox"/> NAVAJO | <input type="checkbox"/> PIMA | <input type="checkbox"/> PINAL |
| <input type="checkbox"/> SANTA CRUZ | <input type="checkbox"/> YAVAPAI | <input type="checkbox"/> YUMA |
| <input type="checkbox"/> STATEWIDE | | |

COMPANY NAME *Hatch Valley Water Co.*

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization	—	—	—
302	Franchises	—	—	—
303	Land and Land Rights	1200. ⁰⁰	—	—
304	Structures and Improvements	7613. ⁰⁰	13.48% 1026. ⁰⁰	
307	Wells and Springs	9174. ⁰⁰	9174. ⁰⁰	
311	Pumping Equipment	17,468. ⁰⁰	2.53% 442. ⁰⁰	
320	Water Treatment Equipment	—	—	
330	Distribution Reservoirs and Standpipes	10,299. ⁰⁰	9.37% 965. ⁰⁰	
331	Transmission and Distribution Mains	19,572. ⁰⁰	3.93% 769. ⁰⁰	
333	Services	—	—	
334	Meters and Meter Installations	4787. ⁰⁰	4787. ⁰⁰	
335	Hydrants	—	—	
336	Backflow Prevention Devices	—	—	
339	Other Plant and Misc. Equipment	—	—	
340	Office Furniture and Equipment	256. ⁰⁰	256. ⁰⁰	
341	Transportation Equipment	—	—	
343	Tools, Shop and Garage Equipment	424. ⁰⁰	424. ⁰⁰	
344	Laboratory Equipment	—	—	
345	Power Operated Equipment	—	—	
346	Communication Equipment	—	—	
347	Miscellaneous Equipment	—	—	
348	Other Tangible Plant			
	TOTALS	70,794. ⁰⁰	65,844. ⁰⁰	4950. ⁰⁰

This amount goes on the Balance Sheet Acct. No. 108

COMPANY NAME Hatch Valley Water Co.

CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization			
302	Franchises			
303	Land and Land Rights	1200. ⁰⁰	NA	—
304	Structures and Improvements	7613. ⁰⁰	13.48%	1026. ⁰⁰
307	Wells and Springs	9174. ⁰⁰	100%	0
311	Pumping Equipment	17,468. ⁰⁰	2.53%	442. ⁰⁰
320	Water Treatment Equipment	—		
330	Distribution Reservoirs and Standpipes	10,299. ⁰⁰	9.37%	965. ⁰⁰
331	Transmission and Distribution Mains	19,572. ⁰⁰	3.93%	769. ⁰⁰
333	Services			
334	Meters and Meter Installations	4787. ⁰⁰	100%	0
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment	256. ⁰⁰	100%	0
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment	424. ⁰⁰	100%	0
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	TOTALS			1294. ⁰⁰

This amount goes on the Comparative Statement of Income and Expense _____
Acct. No. 403.

COMPANY NAME *Hatch Valley Water Co.*

BALANCE SHEET

Acct No.	ASSETS	BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$ 32.00	\$ 61.00
134	Working Funds	3106.00	3598.00
135	Temporary Cash Investments	2449.00	2758.00
141	Customer Accounts Receivable		1351.00
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies		
162	Prepayments		
174	Miscellaneous Current and Accrued Assets	3273.00	
	TOTAL CURRENT AND ACCRUED ASSETS	\$ 8860.00	\$ 7768.00
	FIXED ASSETS		
101	Utility Plant in Service	\$ 70,794.00	\$ 70,794.00
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation – Utility Plant	(64,550.00)	(65,844.00)
121	Non-Utility Property		
122	Accumulated Depreciation – Non Utility		
	TOTAL FIXED ASSETS	\$ 6244.00	\$ 4950.00
	TOTAL ASSETS	\$ 15,104.00	\$ 12,718.00

NOTE: The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

COMPANY NAME Hatch Valley Water Co.

BALANCE SHEET (CONTINUED)

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	LIABILITIES		
	CURRENT LIABILITIES		
231	Accounts Payable	\$ 811. ⁰⁰	\$ 1323. ⁰⁰
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies		
235	Customer Deposits		
236	Accrued Taxes	120. ⁰⁰	103. ⁰⁰
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities		
	TOTAL CURRENT LIABILITIES	\$ 931. ⁰⁰	\$ 1426. ⁰⁰
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds	\$26,245. ⁰⁰	\$24,577. ⁰⁰
	DEFERRED CREDITS		
251	Unamortized Premium on Debt	\$ 6784. ⁰⁰	\$ 6784. ⁰⁰
252	Advances in Aid of Construction		
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction		
272	Less: Amortization of Contributions		
281	Accumulated Deferred Income Tax		
	TOTAL DEFERRED CREDITS	\$ 6784. ⁰⁰	\$ 6784. ⁰⁰
	TOTAL LIABILITIES	\$33,960. ⁰⁰	\$32,787. ⁰⁰
	CAPITAL ACCOUNTS		
201	Common Stock Issued	\$(36,680. ⁰⁰)	\$(36,680. ⁰⁰)
211	Paid in Capital in Excess of Par Value	4500. ⁰⁰	
215	Retained Earnings	18,018. ⁰⁰	17,824. ⁰⁰
218	Proprietary Capital (Sole Props and Partnerships)	(4694. ⁰⁰)	(1213. ⁰⁰)
	TOTAL CAPITAL	\$18,856. ⁰⁰	\$20,069. ⁰⁰
	TOTAL LIABILITIES AND CAPITAL	\$15,104. ⁰⁰	\$12,718. ⁰⁰

COMPANY NAME *Hatch Valley Water Co.*

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ <i>31,851.⁰⁰</i>	\$ <i>30,944.⁰⁰</i>
460	Unmetered Water Revenue		
474	Other Water Revenues		
	TOTAL REVENUES	\$ <i>31,851.⁰⁰</i>	\$ <i>30,944.⁰⁰</i>
	OPERATING EXPENSES		
601	Salaries and Wages	\$ <i>—</i>	\$ <i>—</i>
610	Purchased Water	<i>—</i>	<i>—</i>
615	Purchased Power	<i>3374.⁰⁰</i>	<i>3239.⁰⁰</i>
618	Chemicals		
620	Repairs and Maintenance, <i>supplies & labor</i>	<i>3299.⁰⁰</i>	<i>7060.⁰⁰</i>
621	Office Supplies and Expense	<i>1908.⁰⁰</i>	<i>3082.⁰⁰</i>
630	Outside Services	<i>17,212.⁰⁰</i>	<i>9750.⁰⁰</i>
635	Water Testing	<i>390.⁰⁰</i>	<i>1136.⁰⁰</i>
641	Rents		
650	Transportation Expenses		
657	Insurance – General Liability	<i>3419.⁰⁰</i>	<i>2582.⁰⁰</i>
659	Insurance - Health and Life		
666	Regulatory Commission Expense – Rate Case		
675	Miscellaneous Expense	<i>1221.⁰⁰</i>	<i>—</i>
403	Depreciation Expense	<i>1733.⁰⁰</i>	<i>1294.⁰⁰</i>
408	Taxes Other Than Income. <i>Sales</i>	<i>1703.⁰⁰</i>	<i>1698.⁰⁰</i>
408.11	Property Taxes	<i>936.⁰⁰</i>	<i>1054.⁰⁰</i>
409	Income Tax	<i>—</i>	<i>—</i>
	TOTAL OPERATING EXPENSES	\$ <i>35,195.⁰⁰</i>	\$ <i>30,895.⁰⁰</i>
	OPERATING INCOME/(LOSS)	\$ <i>(3344.⁰⁰)</i>	\$ <i>49.⁰⁰</i>
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$ <i>8.⁰⁰</i>	\$ <i>9.⁰⁰</i>
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense	<i>(1358.⁰⁰)</i>	<i>(1271.⁰⁰)</i>
	TOTAL OTHER INCOME/(EXPENSE)	\$ <i>(1350.⁰⁰)</i>	\$ <i>(1262.⁰⁰)</i>
	NET INCOME/(LOSS)	\$ <i>(4694.⁰⁰)</i>	\$ <i>(1213.⁰⁰)</i>

COMPANY NAME Hatch Valley Water Co.

SUPPLEMENTAL FINANCIAL DATA

Long-Term Debt

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued	12/27/79			
Source of Loan				
ACC Decision No.				
Reason for Loan				
Dollar Amount Issued	\$ 50,000. ⁰⁰	\$	\$	\$
Amount Outstanding	\$ 24,577. ⁰⁰	\$ 6784. ⁰⁰	\$	\$
Date of Maturity	2019	2004		
Interest Rate	5 %	%	%	%
Current Year Interest	\$ 1271. ⁰⁰	\$	\$	\$
Current Year Principle	\$ 1669. ⁰⁰	\$	\$	\$

Meter Deposit Balance at Test Year End

\$ 200.⁰⁰

Meter Deposits Refunded During the Test Year

\$ 50.⁰⁰

COMPANY NAME	Hatch Valley Water Co.		
Name of System	08-014	ADEQ Public Water System Number (if applicable)	

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
08-014	(1) 7½ hp	60		2"		1963

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
N/A		

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
¾ hp	3		

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
20,000	1	10,000	1
		5,000	1

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME	Hatch Valley Water Co.	
Name of System	08014	ADEQ Public Water System Number (if applicable)

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS

Size (in inches)	Material	Length (in feet)
2	PVC	4680
3	galvanized	6750
4	PVC	4232
5	PVC	3415
6		
8		
10		
12		

CUSTOMER METERS

Size (in inches)	Quantity
5/8 X 3/4	70
3/4	
1	
1 1/2	
2	
Comp. 3	
Turbo 3	
Comp. 4	
Tubo 4	
Comp. 6	
Tubo 6	

For the following three items, list the utility owned assets in each category for each system.

TREATMENT EQUIPMENT:

N/A

STRUCTURES:

Railroad tie building

OTHER:

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME: <u>Hatch Valley Water Co.</u>	
Name of System <u>08-014</u>	ADEQ Public Water System Number (if applicable)

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2006

MONTH/YEAR	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	70	423	576	
FEBRUARY	70	329	476	
MARCH	70	479	610	
APRIL	71	634	810	
MAY	71	858	1105	
JUNE	71	967	1230	
JULY	71	755	980	
AUGUST	71	846	1185	
SEPTEMBER	71	704	938	
OCTOBER	71	551	718	
NOVEMBER	70	399	583	
DECEMBER	70	337	532	
TOTALS →		7282	9743	

What is the level of arsenic for each well on your system? .0084 mg/l
(If more than one well, please list each separately.)

If system has fire hydrants, what is the fire flow requirement? GPM for hrs

If system has chlorination treatment, does this treatment system chlorinate continuously?
☐ Yes ☒ No

Is the Water Utility located in an ADWR Active Management Area (AMA)?
☐ Yes ☒ No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?
☐ Yes ☒ No

If yes, provide the GPCPD amount:

Note: If you are filing for more than one system, please provide separate data sheets for each system.

COMPANY NAME Hatch Valley Water Co. YEAR ENDING 12/31/2006

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2006 was: \$ 1054.⁰⁰

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. _____

VERIFICATION
AND
SWORN STATEMENT
Taxes

RECEIVED

APR 19 2007

AZ CORP COMM
Director Utilities

VERIFICATION

STATE OF Arizona
I, THE UNDERSIGNED
OF THE

COUNTY OF (COUNTY NAME)	<u>Mohave</u>
NAME (OWNER OR OFFICIAL) TITLE	<u>Richard L. Schneider Resident</u>
COMPANY NAME	<u>Hatch Valley Water Co.</u>

DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

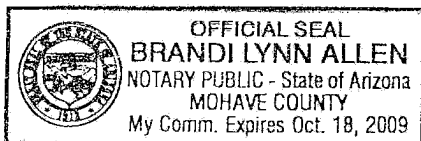
MONTH	DAY	YEAR
<u>12</u>	<u>31</u>	<u>2006</u>

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

I HEREBY ATTEST THAT ALL PROPERTY TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

I HEREBY ATTEST THAT ALL SALES TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.



Richard L. Schneider
SIGNATURE OF OWNER OR OFFICIAL
928-769-2317
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

10th

DAY OF

COUNTY NAME	<u>Mohave</u>	
MONTH	<u>April</u>	<u>2007</u>

(SEAL)

Brandi Lynn Allen
SIGNATURE OF NOTARY PUBLIC

MY COMMISSION EXPIRES Oct. 18, 2009

COMPANY NAME Hatch Valley Water Co.

YEAR ENDING 12/31/2006

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported _____

Estimated or Actual Federal Tax Liability _____

State Taxable Income Reported _____

Estimated or Actual State Tax Liability _____

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances _____

Amount of Gross-Up Tax Collected _____

Total Grossed-Up Contributions/Advances _____

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.

Richard L. Schneider
SIGNATURE

4-10-07
DATE

PRINTED NAME

TITLE

**VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only**

RECEIVED

APR 12 2007

AZ CORP COMM
Director Utilities

VERIFICATION

STATE OF Arizona

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)	<u>Mohave</u>
NAME (OWNER OR OFFICIAL) TITLE	<u>Richard L. Schneider President</u>
COMPANY NAME	<u>Hatch Valley Water Co.</u>

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

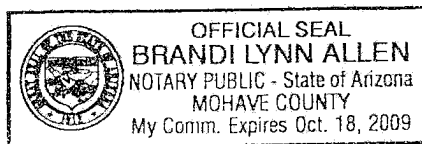
FOR THE YEAR ENDING

MONTH	DAY	YEAR
<u>12</u>	<u>31</u>	<u>2006</u>

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2006 WAS:



Arizona Intrastate Gross Operating Revenues Only (\$)

\$ 30,944.00

(THE AMOUNT IN BOX ABOVE
INCLUDES \$ 1698.00
IN SALES TAXES BILLED, OR COLLECTED)

****REVENUE REPORTED ON THIS PAGE MUST
INCLUDE SALES TAXES BILLED OR
COLLECTED. IF FOR ANY OTHER REASON,
THE REVENUE REPORTED ABOVE DOES NOT
AGREE WITH TOTAL OPERATING REVENUES
ELSEWHERE REPORTED, ATTACH THOSE
STATEMENTS THAT RECONCILE THE
DIFFERENCE. (EXPLAIN IN DETAIL)**

Richard L. Schneider
SIGNATURE OF OWNER OR OFFICIAL
928-769-2317
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 10th DAY OF

(SEAL)

MY COMMISSION EXPIRES Oct. 18, 2009

COUNTY NAME	<u>Mohave</u>
MONTH	<u>April</u>
	<u>.2007</u>

Brandi Lynn Allen
SIGNATURE OF NOTARY PUBLIC

VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
Intrastate Revenues Only

RECEIVED

APR 19 2007

AZ CORP COMM
Director Utilities

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)	Mohave	
NAME (OWNER OR OFFICIAL)	Richard L. Schneider	TITLE President
COMPANY NAME	Hatch Valley Water Co.	

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION
FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2006

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2006 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES

\$ 30,944.00

THE AMOUNT IN BOX AT LEFT
INCLUDES \$ 1054.00

IN SALES TAXES BILLED, OR COLLECTED)

*RESIDENTIAL REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED.

Richard L. Schneider
SIGNATURE OF OWNER OR OFFICIAL

928-769-2317
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

10th

DAY OF

NOTARY PUBLIC NAME

Brandi Lynn Allen

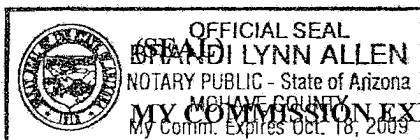
COUNTY NAME

Mohave

MONTH

April

2007



MY COMMISSION EXPIRES Oct. 18, 2009

X Brandi Lynn Allen
SIGNATURE OF NOTARY PUBLIC

FIDDLER
CERTIFIED PUBLIC ACCOUNTANTS
4380-G STOCKTON HILL ROAD
KINGMAN, AZ 86409

Hatch Valley Water Company
Financial Statements - Income Tax Basis
For The Three Months and Quarter Ending December 31, 2006

We have compiled the accompanying statement of assets, liabilities and equity-income tax basis of Hatch Valley Water Company (a 'C' Corporation) and the related statement of revenue and expenses-income tax basis for the period indicated above in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The financial statements have been prepared on the accounting basis used by the Company for income tax purposes, which is a comprehensive basis of accounting other than generally accepted accounting principles.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

Management has elected to omit substantially all of the disclosures ordinarily included in financial statements prepared on the income tax basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Company's assets, liabilities, equity, revenues and expenses. Accordingly, these financial statements are not designed for those who are not informed about such matters.

FIDDLER

February 26, 2007

Hatch Valley Water Company
Statement of Assets, Liabilities, and Capital- Income Tax Basis
As of December 31, 2006

ASSETS

CURRENT ASSETS

Cash On Hand	\$ 61	
Bank of America - Checking	3,598	
Bank - Savings	2,758	
Accts Receivable-Customers	<u>1,351</u>	
Total Current Assets		\$ 7,768

PROPERTY AND EQUIPMENT

Land	\$ 1,200	
Leasehold Improvements	7,128	
Machinery and Equipment	62,391	
Furniture and Fixtures	<u>75</u>	
Total	70,794	
Less: Accumulated Depreciation	<u>(65,844)</u>	
Net Property and Equipment		<u>4,950</u>
TOTAL ASSETS		<u>\$ 12,718</u>

Hatch Valley Water Company
Statement of Revenue and Expenses- Income Tax Basis
For The Three Months and Quarter Ending December 31, 2006

	1 Quarter Ending December 31, 2006	%	4 Quarters Ending December 31, 2006	%
REVENUE				
Metered Water Revenue	\$ 6,076	100.00%	\$ 30,994	100.16%
Refunds	<u>0</u>	<u>0.00%</u>	<u>(50)</u>	<u>(0.16)%</u>
Total Revenue	6,076	100.00%	30,944	100.00%
OPERATING EXPENSES				
Auto & Truck	\$ 0	0.00%	\$ - 9	0.03%
Bank Charges	36	0.59%	177	0.57%
Dues & Subscriptions	0	0.00%	502	1.62%
Insurance	583	9.60%	2,582	8.34%
Water Testing	560	9.22%	1,136	3.67%
Legal and Accounting	2,150	35.39%	9,750	31.51%
Supplies & Meters Purchased	0	0.00%	- 215	0.69%
Filing Fees	525	8.64%	1,247	4.03%
Office Supplies	472	7.77%	1,156	3.74%
Outside Labor	1,305	21.48%	- 4,650	15.03%
Repairs & Maintenance	101	1.66%	- 1,898	6.13%
Small Tools	288	4.74%	- 288	0.93%
Taxes - Sales	351	5.78%	1,698	5.49%
Taxes - Property	571	9.40%	1,054	3.41%
Utilities - Electric	<u>986</u>	<u>16.23%</u>	<u>3,239</u>	<u>10.47%</u>
Total Expenses	<u>7,928</u>	<u>130.48%</u>	<u>29,601</u>	<u>95.66%</u>
INCOME FROM OPERATIONS	\$ (1,852)	(30.48)	\$ 1,343	4.34%
OTHER INCOME				
Interest Income	<u>2</u>	<u>0.03%</u>	<u>9</u>	<u>0.03%</u>
Total Other Income	2	0.03%	9	0.03%
OTHER EXPENSES				
Depreciation	(324)	(5.33)%	(1,294)	(4.18)%
Interest Expense	<u>(735)</u>	<u>(12.10)</u>	<u>(1,271)</u>	<u>(4.11)%</u>
Total Other Expenses	<u>(1,059)</u>	<u>(17.43)</u>	<u>(2,565)</u>	<u>(8.29)%</u>
NET PROFIT (LOSS)	<u>\$ (2,909)</u>	<u>(47.88)</u>	<u>\$ (1,213)</u>	<u>(3.92)%</u>

Hatch Valley Water Company
Statement of Assets, Liabilities, and Capital- Income Tax Basis
As of December 31, 2006

LIABILITIES AND PROPRIETOR'S CAPITAL

LIABILITIES

Sales Tax Payable	\$ 103	
Accrued Expenses	1,323	
Notes Payable	24,577	
N/P - Aid to Construction Pybls	<u>6,784</u>	
Total Liabilities		\$ 32,787

MEMBERS' CAPITAL

Membership Equity	\$ (36,680)	
Retained Earnings	17,824	
Current Net Profit (Loss)	<u>(1,213)</u>	

Total Proprietors Capital (20,069)

TOTAL LIABILITIES AND MEMBERS' CAPITAL \$ 12,718